

ANNUAL CORPORATE GOVERNANCE DISCLOSURE (2021)

TRAFICO GROUP B.S.C.

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1. CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosures and transparency. Trafco Group B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Group.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

Trafco Group B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and at public at large.

The management is committed to ensuring that procedures and processes are in place to reflect and support the Board approved Corporate Governance related policies to ensure the highest standards of Corporate Governance throughout the Group.

2. CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

During the year, Mr. Sameer A. Alkhan as Corporate Governance Officer continues as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). The Company's Corporate Governance Code 2018 is being reviewed and updated accordingly as and when required.

3. SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on 31 December 2021, the Company had issued 80,675,052 ordinary shares, each with a nominal value of 100 fils per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary and Extraordinary Meetings will be held on 30 March 2022.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December, 2021 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Abdulhameed Zainal Mohamed Zainal	8,433,646	10.45%	Abdulhameed Zainal Mohamed Zainal
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)

Shareholders as of 31 December 2021 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.63%	40.58%	0.65%	97.86%
2	Arab	2.00%	-	-	2.00%
3	Foreign	0.14%	-	-	0.14%
	Total	58.77%	40.58%	0.65%	100.00%

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2021 as follows:

S.No.	Shareholding (share)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,714	10,453,127	12.96%
2	50,000 to 500,000	173	23,061,235	28.59%
3	500,000 to 5,000,000	23	32,249,567	39.97%
4	More than 5,000,000	2	14,911,121	18.48%

Description of the significant events that occurred during the year 2021 as follows:

During the year there is no significant financial impact, however due to Covid-19 a separate disclosure published in Bahrain Bourse and Trafco website.

4. COMPANY'S BOARD, DIRECTORS AND MANAGEMENT

4.1. Board Procedure

The Board procedure is clearly defined by the Charter of the Board. The Company has the practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Group.

4.2. Board and Directors' Responsibilities

The specific responsibilities of the Board include:

1. Monitoring the overall business performance;
2. Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
3. Monitoring management performance and succession plan for Senior Management;
4. Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
5. Monitoring conflicts of interest and preventing abusive related party transactions;
6. Convening and preparing for the shareholders meetings;
7. Recommending dividends to shareholders and ensure its execution;
8. Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
9. Disclosure of financial information to the Government Authorities and the public within the stipulated time;
10. Reviewing the Group's objectives and policies relating to social responsibilities; and
11. Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations ordained by the Government of Bahrain.

4.3. Material Transactions that require the Board approval

The following material transactions require review of the Board of Directors, evaluation and approval: The Company strategy;

1. The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;
2. The financial statements;
3. Major resource allocations and capital investments; and
4. Management responsibilities and training, development and succession plan for Senior Management.

4.4. Director's profiles (Directorships of other Boards)

The following members of the Board of Directors are also the member of the other listed companies in the Kingdom of Bahrain:

S.No.	Name of Director	Designation	Directorships and positions in other listed companies	Positions in any other key regulatory, government or commercial entities.
1.	Mr. Yusuf Saleh Abdulla Alsaleh	Director	Delmon Poultry Company B.S.C.	None
2.	Dr. Esam Abdulla Yousif Fakhro	Vice Chairman	National Bank of Bahrain B.S.C.	None
		Chairman	Bahrain Cinema Company (Cineco) B.S.C.	
		Chairman	Bahrain Islamic Bank B.S.C.	
3.	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
4.	Mr. Jehad Yusuf Abdulla Amin	Director	Bahrain Duty Free Complex B.S.C.	None
		Director	Bahrain National Holdings B.S.C.	
		Vice Chairman	Banader Hotels Company B.S.C.	
		Director	BMMI B.S.C.	
		Director	Bahrain Cinema Company (Cineco) B.S.C.	

4.5. Status of Directorships and Board Composition

Sl no	Name of Director	Type (executive, non-executive or independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment
1	Mr. Ebrahim Mohamed Ali Zainal	Chairman / Non - Executive / Non - Independent	57	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non - Executive / Non - Independent	58	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non - Executive / Non - Independent	54	Businessman	1995
4	Mr. Khalid A. Rahman Khalil Almoayed	Director and Executive Committee member / Non - Executive / Non - Independent	55	Businessman	1978
5	Mr. A. Redha Mohamed Redha Aldailami	Director / Non - Executive / Non - Independent	65	Businessman	1981
6	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non - Executive / Non - Independent	59	Businessman	1994
7	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non - Executive / Non - Independent	56	Businessman	1994
8	Mr. Sami Mohammed Yusuf Jalal	Director / Non - Executive / Non - Independent	48	Businessman	1995
9	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non - Executive / Non - Independent	52	Businessman	1995
10	Mr. Jehad Yusuf Abdulla Amin	Director / Non - Executive / Non - Independent	43	Businessman	1998

4.6. Election and Termination of Appointment of Directors

Directors are elected for 3-year term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law.

4.7. Induction and Training of Directors

The Company has a formal induction programme in place, which is designed for each new Director. The induction programme includes i) an introductory pack containing, amongst other things, the Company Overview, Organisational Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management as may be required. All continuing Directors are invited to attend orientation meetings.

4.8. Directors Ownership of Company's shares

Sl no	Name	Type of Shares	Number of shares held as at 31/12/2021	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,089,728	2.59%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	702,238	0.87%
3	Mr. Khalid A. Rahman Khalil Almoayed	Ordinary Shares	457,089	0.57%
4	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.96%
5	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	311,115	0.39%
6	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.25%
7	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,060,000	1.31%
8	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	332,817	0.41%
9	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.19%
10	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.22%

4.9. Director's Trading of Shares during the year

During the year, the following Board Member disposed / purchased additional shares in the Company:

Name	Position/Kinship	Number of shares held as at 31/12/2020	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2021
Mr. A. Redha Mohamed Redha Aldailami	Director	320,184	-	12,633	332,817

4.10. Board Meetings

The Group should hold a minimum of four Board meetings during each year. The following table summarizes the information about the members' attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2021: **Five**

Name of Director	Business Title	24-Feb-2021	29-Mar-2021	09-May-2021	08-Aug-2021	08-Nov-2021	% Attended
Mr Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	✓	✓	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed *	Director and Executive Committee Member	X	X	✓	X	X	20%
Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee Member	✓	✓	✓	✓	✓	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	100%
Mr Sami Mohamed Yusuf Jalal	Director	X	✓	✓	✓	✓	80%
Mr Jehad Yusuf Abdulla Amin	Director	✓	✓	✓	✓	✓	100%
Mr A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	✓	✓	✓	✓	✓	100%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	100%

* Mr Khalid A.Rahman Khalil Almoayed was not able to attend minimum 75% due to his health conditions.

4.11. Remuneration Policy of Board of Directors

Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

Total remunerations paid to the directors for the year ended 31 December 2021 amounted to BD 92,250/- subject to AGM approval plus sitting fees BD 32,400 to all directors and BD 18,000 basic fees to Chairman.

The proposed total remunerations to be paid to the directors for the year 2021, will be presented at the annual general meeting for approval.

Description of the Director remunerations and sitting fees paid to the directors for attendance of the Board's committees for the financial year 2021 is as follows:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total		(Does not include expense allowance)	
First: Independent Directors:													
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	18,000	3,150	-	-	21,150	9,000	-	-	-	9,000	-	30,150	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	3,150	-	-	3,150	11,250	-	-	-	11,250	-	14,400	-
Mr. Khalid A. Rahman Khalil Almoayed	-	900	-	-	900	9,000	-	-	-	9,000	-	9,900	-
Dr. Esam Abdulla Yousif Fakhro	-	3,150	-	-	3,150	9,000	-	-	-	9,000	-	12,150	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	4,500	-	-	4,500	9,000	-	-	-	9,000	-	13,500	-
Mr. Sami Mohammed Yusuf Jakal	-	1,800	-	-	1,800	9,000	-	-	-	9,000	-	10,800	-
Mr. Jehad Yusuf Abdulla Amin	-	4,500	-	-	4,500	9,000	-	-	-	9,000	-	13,500	-
Mr. A. Redha Mohamed Redha Aldaikami	-	4,500	-	-	4,500	9,000	-	-	-	9,000	-	13,500	-
Mr. Ali Yusuf A. Rahman A. Rahim	-	4,500	-	-	4,500	9,000	-	-	-	9,000	-	13,500	-
Mr. Fuad Ebrahim Khalil Kanoo	-	2,250	-	-	2,250	9,000	-	-	-	9,000	-	11,250	-
Third: Executive Directors:													
Total	18,000	32,400	-	-	50,400	92,250	-	-	-	92,250	-	142,650	-

Management

The following table summarises the information about the profession, designation/business title, experience in years and the qualifications of the Senior Management:

S. No .	Name of members of senior management	Designation	Experience in years	Qualification
1.	Mr. Azzam M A Moutragi	Group Chief Executive Officer	36	Master's Degree in Business Administration
2.	Mr. Sameer Abdulla Alkhan	Consultant – Compliances	39	Diploma in Human Resources
3.	Mr. R. Balasubramanian	Group Financial Controller	34	Fellow Member – Institute of Chartered Accountants of India
4.	Mr. Aloysius Noronha	Operation Manager	30	Master's Degree in Business Administration (Marketing)
5.	Mr. Sequeira Francisco	Maintenance Manager	37	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
6.	Mrs. Layla Darwish	Human Resource Manager	31	Education Diploma in Secretarial Studies
7.	Mr. Wael Ahmed	Stores Manager	27	-

The remuneration paid to the Senior Management during the year was as follows:

Executive management remuneration details

(Amounts in BD)

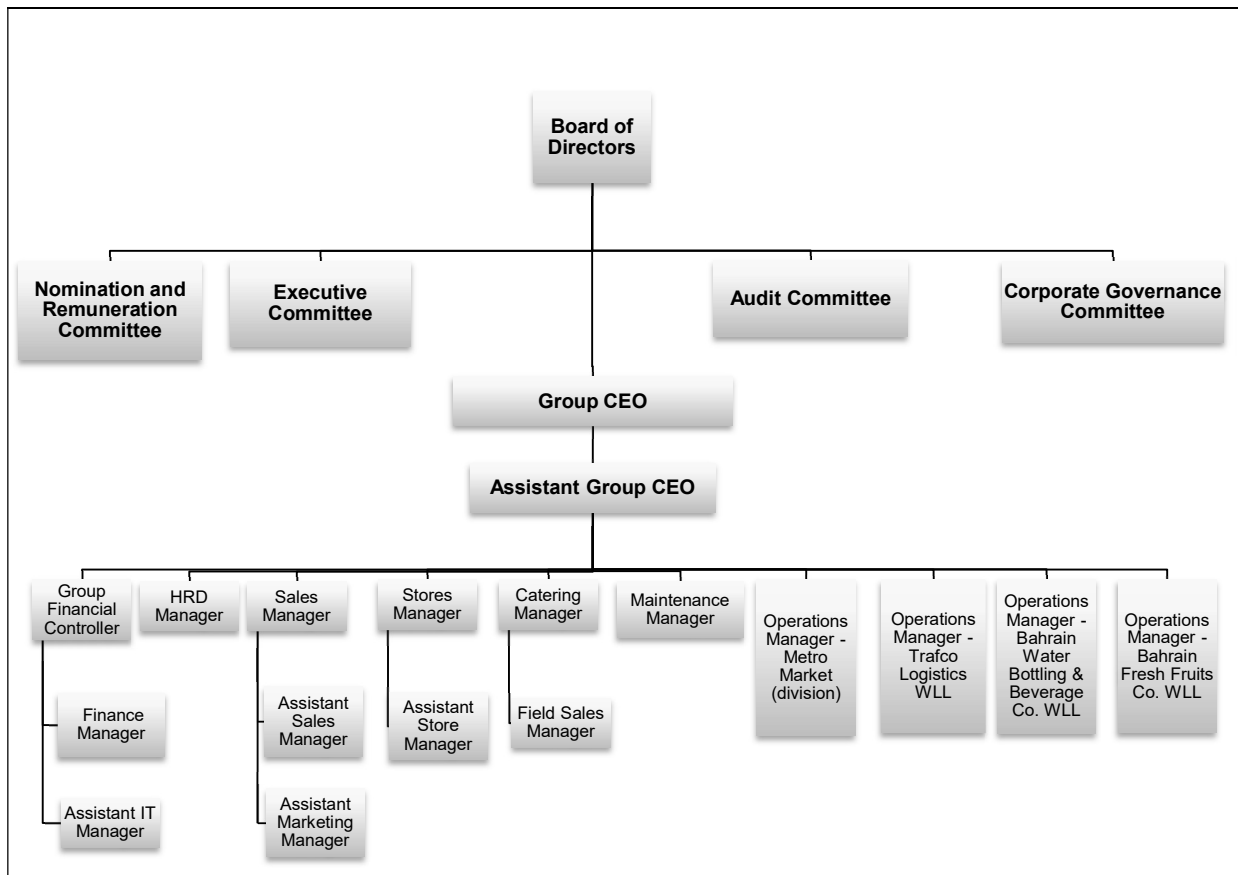
Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	270,230	8,935	11,743	290,908

4.12. Code of Conduct/ Code of Ethics

The Company has the Code of Conduct/Code of Ethics policy describing the standards expected from each and every employee of the Group.

- Each and every employee should protect the assets of the Group.
- Group has to act on the customers' complaints promptly and courteously.
- No employee should take bribe from any outside person on behalf of the Group.
- The Group will not disclose the information about the customers/business associates to any other person/entities.
- The employees are not supposed to disclose the information about the Group either during or after the service to any outside person/entities.

5. COMPANY ORGANIZATIONAL STRUCTURE



6. COMMITTEES

The Committees are constituted by the Board for the good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendation to the Board as and when deem necessary. Minutes of the Committee meetings are distributed to the members of the Board periodically. The Board constantly evaluates the composition of the committees in the light of requirements of Law and for the successful functioning of the Company.

The following table summarises the information about the Board Committees, their members and objectives:

Board's Committee	Objective	Members	Independent/ Non-independent
Audit Committee	<p>The Audit Committee is responsible for:</p> <p>1) Monitoring the integrity of the financial reporting process, Trafco systems of Internal Control, review of the consolidated financial statements and reports, compliance of the board with legal and regulatory requirements and the performance of the Company's Internal Audit function.</p> <p>2) To recommend the appointment of external auditors, agreeing their compensation, overseeing their independence and preparing reports required to be prepared by the Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.</p>	<p>1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman)</p> <p>2. Mr Jehad Yusuf Abdulla Amin</p> <p>3. Mr A. Redha Mohamed Redha Aldailami</p> <p>4. Mr Ali Yusuf A. Rahman A. Rahim</p>	<p>Non-Executive / Non - Independent</p> <p>Non-Executive / Non-Independent</p> <p>Non-Executive / Non - Independent</p> <p>Non-Executive / Non-Independent</p>

Board's Committee	Objective	Members	Independent/ Non-independent
Executive (Investment & Finance) Committee	The Executive Committee is formed to discuss matters with the Company's management regarding senior staffing, financial performance, strategies, and all other issues as directed by the Board	1. Mr Ebrahim Mohamed Ali Zainal 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Mr Khalid A.Rahman Khalil Almoayed 4. Dr Esam Abdulla Yousif Fakhro	Non - Executive / Non-Independent Non -Executive / Non-Independent Non-Executive / Non -Independent Non - Executive / Non-Independent
Nomination and Remuneration Committee	Review and advise the Board of Directors on the Board's composition, new directors nominations in addition to Board and Senior Management remuneration.	1. Mr Ebrahim Mohamed Ali Zainal (Chairman) 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Dr Esam Abdulla Yousif Fakhro 4. Mr Khalid A.Rahman Khalil Almoayed	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non -Independent
Corporate Governance committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr Jehad Yusuf Abdulla Amin 3. Mr A. Redha Mohamed Redha Aldailami 4. Mr Ali Yusuf A.Rahman A.Rahim	Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Non - Independent Non-executive / Non-Independent

Audit Committee:

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Audit Committee. The Audit Committee comprises of four directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Audit Committee Members:

- 1- Review the Company's accounting and financial practices.
- 2- Review the credibility of the Company's financial control, internal control and financial statements.
- 3- Review and approve the Company's financial statements before presenting the same to the Board.
- 4- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- 5- Review the Company's compliance with legal requirements.
- 6- Consider and recommend to the Board the appointment, resignation or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor's work.
- 7- Discuss the significant observations of external and internal Auditors and the response from the management.
- 8- Review the company's risk management and internal audit functions.
- 9- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- 10- Deal with any concerns arising from the 'whistleblower' program adopted by the Board to allow for concerns to be raised confidentially.

The Company should hold a minimum of four Audit Committee meetings during each year. During the year, **four** meetings of the Audit Committee were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	17-Feb-2021	04-May-2021	02-Aug-2021	02-Nov-2021	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	100%
Mr Jehad Yusuf Abdulla Amin	✓	✓	✓	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	✓	✓	✓	✓	100%

During the year, total fees paid to the members of the Audit Committee was BD 7,200/-.

Executive Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Executive Committee. The Executive Committee comprises of four directors. The Charter of the Executive Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Executive Committee Members:

- 1- Address specific matters delegated to it by the Board of Directors.
- 2- Make recommendations thereon to the Board and make decisions based on authorities specifically delegated by the Board.
- 3- Review and approve business and investment opportunities and proposals, credit, major procurement, and outsourcing matters, as may be delegated by the Board.

The Company should hold a minimum of four Executive Committee meetings during each year. During the year, **two** meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	14-Jun-2021	27-Dec-2021	% Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	X	50%
Dr Esam Abdulla Yousif Fakhro	✓	✓	100%

During the year, total fees paid to the members of the Executive Committee was BD 3,150.

Nomination and Remuneration Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of four directors. The Charter of the Nomination and Remuneration Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Nomination and Remuneration Committee Members:

- 1- Review the structure of the Board, periodically evaluate the directors' performance, and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.
- 2- Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.
- 3- Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
- 4- Approve of succession plans of senior management before the plans is presented to the Board for approval.

The Company should hold a minimum of two Nomination and Remuneration Committee meetings during each year. During the year, **three** meeting of the Nomination and Remuneration Committee were held. The following table summarises the information about the members attendance in the Nomination and Remuneration Committee meetings:

Members	04-Apr-2021	14-Jun-2021	27-Dec-2021	% Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	✓	✓	100%

During the year, no fees paid to the members of the Nomination, Remuneration Committee .

Corporate Governance Committee:

Mr Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Corporate Governance Committee. Corporate Governance Committee comprises of four directors. The Charter of the Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Corporate Governance Committee Members:

- 1- Assist the board in developing Company's Corporate Governance policy framework and recommending changes from time to time to the framework developed.
- 2- Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.

The Company should hold a minimum of two Corporate Governance Committee meetings during each year. During the year, one meetings of the Corporate Governance Committee were held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:

Members	02-Nov-2021	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	100%
Mr Jehad Yusuf Abdulla Amin	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	✓	100%

During the year, total fees paid to the members of the Corporate Governance Committee was BD 1,800.

7. CORPORATE GOVERNANCE

Actions taken to complete the Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established the Code which provides an ethical and legal framework for all employees in the conduct of its business. The Code also defines how the Company relates to its employees, shareholders and the community in which the Company operates.

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Government entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Compliances with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code and did not note any non-compliance during the years ended 2021.

8. CORPORATE GOVERNANCE OFFICER

S.No.	Name	Qualification	Date of Appointment	Contact Details
1	Mr. Sameer Abdulla Alkhan	Diploma in Human Resources	23/12/2018	Phone: +973-17723343 e-mail: sameer@trafco.com

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2021.

10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2021, in addition to a description of the auditor's years of service as the Company's external auditor is as follows:

Name of the audit firm	Ernst & Young – Middle East
Years of service as the Company's external auditor	22 years
Name of the partner in charge of the Company's audit	Kazim Merchant
The partner's years of service as the partner in charge of the Company's audit	Third year
Total audit fees for the financial statements for the year 2021 (in BD)	Information about audit fees is available on request from Corporate Governance Officer.
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2021 (in BD) if any. In the absence of such fees, this shall be expressly stated	

11. CONFLICT OF INTEREST

No conflicts of interest arose during the years ended 2021. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. Members of the Board of Directors or its Committees usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution and concerned member(s) refrain from voting on these transactions or resolution where a conflict of interest arise.

12. RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Group. No employee or director or member of executive management can trade the shares with the material information which is not made public.

Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction is detailed in section 17. All transaction listed in section 17 is with common directors except Bahrain Livestock Company B.S.C. (c) which is an Associate.

13. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing relevant and timely information to its shareholders, investors and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information releases about the significant matters through the Company's website in a timely manner. The Board Secretary is responsible for communications with the shareholders and regulators ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14. EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting. The Board of Directors evaluates the performance of the Chairman and Group CEO in the Board of Directors meeting.

During the year, 2021, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, its Committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Group.

The evaluation is designed to determine whether the Board, its Committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

15. CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ENVIRONMENT PRESERVATION

Contribution to Charitable societies and others in cash BD 25,000/- .

Contribution in kind of BD 14,984.

16. COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant*	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.		✓		
Principle 2 The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		✓		
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.		✓		
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.		✓		
Principle 9: The Company which offer Islamic services shall adhere to the principles of Islamic shari'a.			NA	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

* Partially complaints are explained in the following pages

Trafco Group B.S.C. currently complies with all the provisions of the Code with the exception of following:

- The Corporate Governance Code requires that the Chairman of the Board of Directors should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis by the relative management, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
- The Corporate Governance Code provides that no director of the Company shall hold more than 5 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/ re-election of any such director. Mr. Jehad Yousif Amin Director of the Company hold more than five directorships in Bahraini Public shareholding companies but his directorships in more than five Bahraini Public shareholding Companies does not dilute the *sanctum sanctorum* of the interests of the Company and does not affect the effectiveness and efficiency of the Board of Directors as Mr. Jehad Yousif Amin is an active member of the Board and provides required attention in discharge of his responsibilities as a director of the company and there exists no conflict of interest between his directorships in other Companies and his directorship in Trafco Group BSC.
- The Corporate Governance Code provides that the Chairman of the Nomination and Remuneration Committee should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non- independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

- The Corporate Governance Code provides that the Chairman of the Audit Committee should be an Independent Director. Mr. Ebrahim Salahuddin Ahmed Ebrahim is a non-independent director as per the provision Appendix (1) (3) (e) of the code as he is a Nominee director in Subsidiary Companies wholly owned by Trafco Group BSC. He is also the Chairman in Corporate Governance Committee. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Salahuddin Ahmed Ebrahim status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

- Most of the Company Directors' are representing in group subsidiary companies wholly or partially owned by Trafco Group BSC to have close monitoring and those accounts are consolidated at Group level, hence most of them treated as non-Independent directors as per the Appendix (1) (3) (e) of the code. However, this does not dilute the highest standards of corporate governance that the company maintains.

17. ANNEXURE 1: RELATED PARTY TRANSACTIONS:

Related party details for the year 2021

1. TRAFCO - Trafco Group B.S.C
2. ADC - Awal Dairy Company W.L.L.
3. BWBC - Bahrain Water Bottling & Beverages Company W.L.L.
4. BFFC - Bahrain Fresh Fruits Company W.L.L.
5. TLC - Trafco Logistics Company W.L.L.-

(Amounts in BD)

MAZA B.S.C (C)	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	8,931	35,281	-	-	-	44,212
Purchases	18,983	342,444	-	-	-	361,427
Other income	-	-	-	-	-	-
Receivables	-	9,162	-	-	-	9,162
Payables	-	30,936	-	-	-	30,936
Other expenses	-	-	-	-	-	-
Mohamed Jalal & Sons Co.	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	55,309	-	-	43,297	-	98,606
Purchases	33,190	-	-	-	-	33,190
Other income	-	-	-	-	-	-
Receivables	23,300	-	-	14,847	-	38,148
Payables	3,545	-	-	-	-	3,545
Other expenses	-	-	60	-	-	60
Saleh Alsaleh Co. WLL	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	9,341	-	-	9,617	-	18,958
Purchases	29	-	-	-	-	29
Other income	-	-	-	-	-	-
Receivables	933	-	-	-	-	933
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Manama Travel Centre	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	-	-	-	-
Purchases	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Payables	495	-	-	-	-	495
Other expenses	-	-	-	-	-	-

E K Kanoo group	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	19,261	-	-	19,261
Purchases	-	-	26,405	-	103,034	129,438
Other income	-	-	-	-	-	-
Receivables	-	-	9,196	-	-	9,196
Payables	650	-	98	57	90,671	91,476
Other expenses	7,825	-	6,450	1,594	-	15,869

Motorcity Holding co	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	679	-	-	679
Purchases	-	-	16,771	-	-	16,771
Other income	-	-	-	-	-	-
Receivables	-	-	252	-	-	252
Payables	-	-	94	-	-	94
Other expenses	350	-	1,792	1,243	-	3,385

United Paper industries	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	-	-	-	-
Purchases	5,805	254,821	77,402	-	-	338,028
Other income	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Payables	975	92,986	31,974	-	-	125,935
Other expenses	-	-	-	-	-	-

Delmon Poultry	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	-	-	-	-
Purchases	-	-	-	-	-	-
Other income	31,594	-	-	-	-	31,594
Receivables	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

Abdulla Yusif Fakhro	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	301	-	-	301
Purchases	-	-	927	-	-	927
Other income	-	-	-	-	-	-
Receivables	-	-	243	-	-	243
Payables	-	-	426	-	-	426
Other expenses	4,220	-	-	-	-	4,220

Bahrain Cinema Company	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	70	-	-	70
Purchases	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Receivables	-	-	70	-	-	70
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

Budget Rent A Car	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	-	-	-	-
Purchases	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Payables	-	-	436	-	-	436
Other expenses	-	-	1,535	-	-	1,535

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	37,424	24,507	158	24,085	-	86,174
Purchases	1,704	-	-	-	-	1,704
Other income	-	-	-	-	-	-
Receivables	12,598	6,356	147	2,119	-	21,221
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

Banader Hotel Co. BSC.	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	1,729	-	-	-	-	1,729
Purchases	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Receivables	381	-	-	-	-	381
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

National Transport Co.	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	-	-	-	-
Purchases	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Payables	-	1,400	-	-	-	1,400
Other expenses	-	4,200	-	-	-	4,200

Yousuf Abdul Rahman Engineer	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	6,284	-	-	-	-	6,284
Purchases	-	-	-	-	189	189
Other income	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Payables	239	51,618	-	-	-	51,857
Other expenses	419	151,166	-	-	-	151,585

FOOSCO	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	4,382	2,838	-	-	7,220
Purchases	19,295	-	10,491	-	-	29,786
Other income	-	-	-	-	-	-
Receivables	19,142	1,880	391	-	-	21,413
Payables	6,666	-	4,347	-	-	11,013
Other expenses	-	-	-	-	-	-

Bahrain Livestock Company	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	54,619	-	121	7,188	-	61,927
Purchases	2,511	-	-	-	-	2,511
Other income	-	-	-	5,262	-	5,262
Receivables	4,061	-	48	2,437	-	6,546
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

BMMI Group	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	114,581	-	-	-	-	114,581
Purchases	33,651	-	-	-	-	33,651
Other income	45,987	-	-	-	-	45,987
Receivables	26,922	-	-	-	-	26,922
Payables	5,685	-	-	-	-	5,685
Other expenses	-	-	-	-	-	-

BANZ Group	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	-	-	2,690	-	-	2,690
Purchases	402	-	-	-	750	1,152
Other income	245,192	-	-	-	-	245,192
Receivables	-	-	609	-	-	609
Payables	126	-	-	-	-	126
Other expenses	-	-	-	-	-	-

Associates company	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	54,619	-	121	7,188	-	61,927
Purchases	2,511	-	-	-	-	2,511
Other income	-	-	-	5,262	-	5,262
Receivables	4,061	-	48	2,437	-	6,546
Payables	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-

Common directorship	TRAFCO	ADC	BWBC	BFFC	TLC	TOTAL
Sales	233,599	64,170	25,997	77,000	-	400,766
Purchases	113,059	597,265	131,996	-	103,972	946,292
Other income	322,773	-	-	-	-	322,773
Receivables	83,276	17,398	10,908	16,967	-	128,549
Payables	18,381	176,940	37,376	57	90,671	323,424
Other expenses	12,814	155,366	9,837	2,837	-	180,854

Description	Sales	Purchase of goods and services	Other Income	Expenses	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Associated companies	61,927	2,511	5,262	-	6,546	-
Common directors	400,766	946,292	322,773	180,854	128,549	323,424
	462,693	948,803	328,035	180,854	135,095	323,424

Ebrahim Mohamed Ali Zainal
Chairman
27 February 2022.

